



## **DEPARTMENT OF ENERGY**

### **Desert Southwest Region and Western Area Lower Colorado Balancing Authority – Rate Order No. WAPA-200**

**AGENCY:** Western Area Power Administration, Energy (DOE).

**ACTION:** Notice of rate order extending formula rates.

**SUMMARY:** The extension of the existing Western Area Power Administration (WAPA), Desert Southwest Region (DSW) formula rates for Network Integration Transmission Service (Network) on the Parker-Davis Project and Pacific Northwest-Pacific Southwest Intertie Project, along with formula rates for ancillary services, transmission losses, and unreserved use penalties applicable to Western Area Lower Colorado Balancing Authority (WALC), has been confirmed, approved, and placed into effect on an interim basis. The existing formula rates under Rate Schedules PD-NTS4 (Network), INT-NTS4 (Network), DSW-SD4 (Scheduling, System Control, and Dispatch), DSW-RS4 (Reactive Supply and Voltage Control), DSW-FR4 (Regulation and Frequency Response), DSW-EI4 (Energy Imbalance), DSW-SPR4 (Spinning Reserve), DSW-SUR4 (Supplemental Reserve), DSW-GI2 (Generator Imbalance), DSW-TL1 (Transmission Losses), and DSW-UU1 (Unreserved Use Penalties) are set to expire on September 30, 2021. This rate extension makes no changes to the existing formula rates and extends them through September 30, 2026.

**DATES:** The extended formula rates under Rate Schedules PD-NTS4, INT-NTS4, DSW-SD4, DSW-RS4, DSW-FR4, DSW-EI4, DSW-SPR4, DSW-SUR4, DSW-GI2, DSW-TL1, and DSW-UU1 will be placed into effect on an interim basis on October 1, 2021.

**FOR FURTHER INFORMATION CONTACT:** Jack D. Murray, Acting Regional Manager, Desert Southwest Region, Western Area Power Administration, P.O. Box

6457, Phoenix, AZ 85005-6457, telephone 602-605-2525, or email:

*dswpwrmrk@wapa.gov*, or Tina Ramsey, Rates Manager, Desert Southwest Region,

Western Area Power Administration, telephone 602-602-2565, or email:

*ramsey@wapa.gov*.

**SUPPLEMENTARY INFORMATION:** WAPA published a *Federal Register* notice (Proposed FRN) on July 8, 2021 (86 FR 36133), proposing to extend the existing formula rates under Rate Schedules PD-NTS4, INT-NTS4, DSW-SD4, DSW-RS4, DSW-FR4, DSW-EI4, DSW-SPR4, DSW-SUR4, DSW-GI2, DSW-TL1, and DSW-UU1 for October 1, 2021, through September 30, 2026. The Proposed FRN also initiated a 15-day public consultation and comment period.

### **Legal Authority**

By Delegation Order No. 00-037.00B, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to the WAPA Administrator; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, remand, or disapprove such rates to the Federal Energy Regulatory Commission (FERC). By Delegation Order No. S1-DEL-S4-2021, effective February 25, 2021, the Acting Secretary of Energy also delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Under Secretary for Science (and Energy). By Redelegation Order No. S4-DEL-OE1-2021, effective March 25, 2021, the Acting Under Secretary for Science (and Energy) redelegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Assistant Secretary for Electricity. By Redelegation Order No. 00-002.10-05, effective July 8, 2020, the Assistant Secretary for Electricity further delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the WAPA Administrator. This redelegation order, despite predating the February 2021

delegation and March 2021 redelegation, remains valid. This rate action is issued under Redelegation Order No. 00-002.10-05 and Department of Energy procedures for public participation in rate adjustments set forth at 10 CFR part 903.<sup>1</sup>

Following review of DSW's proposal, I hereby confirm, approve, and place Rate Order No. WAPA-200 into effect on an interim basis. This extends, without adjustment, the existing Rate Schedules PD-NTS4, INT-NTS4, DSW-SD4, DSW-RS4, DSW-FR4, DSW-EI4, DSW-SPR4, DSW-SUR4, DSW-GI2, DSW-TL1, and DSW-UU1 through September 30, 2026. WAPA will submit Rate Order No. WAPA-200 and the extended rate schedules to FERC for confirmation and approval on a final basis.

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<sup>1</sup> 50 FR 37835 (Sept. 18, 1985) and 84 FR 5347 (Feb. 21, 2019).

**DEPARTMENT OF ENERGY  
ADMINISTRATOR, WESTERN AREA POWER ADMINISTRATION**

In the Matter of:	)	
	)	
Western Area Power Administration	)	
Extension for the Desert Southwest Region	)	Rate Order No. WAPA-200
Transmission and Ancillary Services	)	
Formula Rates	)	

**ORDER CONFIRMING, APPROVING, AND PLACING FORMULA RATES FOR  
TRANSMISSION SERVICE, ANCILLARY SERVICES, TRANSMISSION LOSSES,  
AND UNRESERVED USE PENALTIES INTO EFFECT ON AN INTERIM BASIS**

The formula rates in Rate Order No. WAPA-200 are established following section 302 of the Department of Energy (DOE) Organization Act (42 U.S.C. 7152).<sup>2</sup>

By Delegation Order No. 00-037.00B, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to the Western Area Power Administration (WAPA) Administrator; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve on a final basis, remand, or disapprove such rates to the Federal Energy Regulatory Commission (FERC). By Delegation Order No. S1-DEL-S4-2021, effective February 25, 2021, the Acting Secretary of Energy also delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Under Secretary for Science (and Energy). By Redelelegation Order No. S4-DEL-OE1-2021, effective March 25, 2021, the Acting Under Secretary for Science (and Energy) redelegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Assistant Secretary for Electricity. By Redelelegation Order No. 00-002.10-05, effective July 8, 2020, the Assistant Secretary for Electricity further delegated the authority to confirm, approve, and place such rates

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<sup>2</sup> This Act transferred to, and vested in, the Secretary of Energy the power marketing functions of the Secretary of the Department of the Interior and the Bureau of Reclamation (Reclamation) under the Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), as amended and supplemented by subsequent laws, particularly section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)); and other acts that specifically apply to the projects involved.

into effect on an interim basis to the WAPA Administrator. This redelegation order, despite predating the February 2021 delegation and March 2021 redelegation, remains valid. This extension is issued under Redelegation Order No. 00-002.10-05 and Department of Energy rate extension procedures set forth at 10 CFR part 903(a).<sup>3</sup>

## **BACKGROUND**

On January 12, 2017, FERC confirmed and approved Rate Schedules PD-NTS4 (Network), INT-NTS4 (Network), DSW-SD4 (Scheduling, System Control, and Dispatch), DSW-RS4 (Reactive Supply and Voltage Control), DSW-FR4 (Regulation and Frequency Response), DSW-EI4 (Energy Imbalance), DSW-SPR4 (Spinning Reserve), DSW-SUR4 (Supplemental Reserve), DSW-GI2 (Generator Imbalance), DSW-TL1 (Transmission Losses), and DSW-UU1 (Unreserved Use Penalties) under Rate Order No. WAPA-175 on a final basis for a 5-year period through September 30, 2021.<sup>4</sup> These rate schedules apply to Parker-Davis Project and Pacific Northwest-Pacific Southwest Intertie Project network integration transmission service, along with transmission losses, unreserved use penalties, and ancillary services from WAPA's Desert Southwestern Region (DSW) and Western Area Lower Colorado Balancing Authority (WALC). The existing formula rates for these services provide adequate revenue to recover all expenses incurred for providing each service. This ensures repayment within the cost recovery criteria set forth in DOE Order RA 6120.2.

## **DISCUSSION**

In accordance with 10 CFR 903.23(a), WAPA filed a notice in the *Federal Register* on July 8, 2021, proposing to extend, without adjustment, Rate Schedules PD-NTS4, INT-NTS4, DSW-SD4, DSW-RS4, DSW-FR4, DSW-EI4, DSW-SPR4, DSW-SUR4,

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<sup>3</sup> 50 FR 37835 (Sept. 18, 1985) and 84 FR 5347 (Feb. 21, 2019).

<sup>4</sup> Order Confirming and Approving Rate Schedules on a Final Basis, FERC Docket Nos. EF16-6-000 and EF16-6-001, 158 FERC ¶ 62,027 (2017).

DSW-GI2, DSW-TL1, and DSW-UU1 under Rate Order No. WAPA-200.<sup>5</sup> WAPA determined it was not necessary to hold public information or public comment forums on the proposed formula rate extension, but provided a 15-day consultation and comment period to give the public an opportunity to comment on the proposed extension. The consultation and comment period ended on July 23, 2021, and WAPA received no comments on the proposed formula rate extension.

## **RATEMAKING PROCEDURE REQUIREMENTS**

### **Environmental Compliance**

WAPA determined that this action fits within the class listed in Appendix B to Subpart D of 10 CFR Part 1021.410: categorical exclusions applicable to B4.3: Electric power marketing rate changes and B4.4: Power marketing services and activities, do not require preparation of either an environmental impact statement (EIS) or an environmental assessment (EA).<sup>6</sup> A copy of the categorical exclusion determination is available on WAPA's website at <https://www.wapa.gov/regions/DSW/Environment/Pages/environment.aspx>. Look for file entitled, "Proposed Formula Rates for Network Integration Transmission Service and Ancillary Services."

### **Determination Under Executive Order 12866**

WAPA has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.

### **Submission to the Federal Energy Regulatory Commission**

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<sup>5</sup> 86 FR 36133 (July 8, 2021).

<sup>6</sup> The determination was done in compliance with the National Environmental Policy Act (NEPA) of 1969, as amended, 42 U.S.C. 4321-4347; the Council on Environmental Quality Regulations for implementing NEPA (40 CFR parts 1500-1508); and DOE NEPA Implementing Procedures and Guidelines (10 CFR part 1021).

The Provisional Formula Rates herein confirmed, approved, and placed into effect on an interim basis, together with supporting documents, will be submitted to FERC for confirmation and final approval.

## **ORDER**

In view of the above and under the authority delegated to me, I hereby confirm, approve, and place into effect on an interim basis, Rate Order No. WAPA-200, which extends the existing Network, ancillary services, transmission losses, and unreserved use penalties formula rates under Rate Schedules PD-NTS4, INT-NTS4, DSW-SD4, DSW-RS4, DSW-FR4, DSW-EI4, DSW-SPR4, DSW-SUR4, DSW-GI2, DSW-TL1, and DSW-UU1 through September 30, 2026. The formula rates will remain in effect on an interim basis until: (1) FERC confirms and approves of this extension on a final basis; (2) subsequent rates are confirmed and approved; or (3) such rates are superseded.

### **Signing Authority**

This document of the Department of Energy was signed on August 20, 2021, by Tracey A. LeBeau, Interim Administrator, Western Area Power Administration, pursuant to delegated authority from the Secretary of Energy. That document, with the original signature and date, is maintained by DOE. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DOE Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of the Department of Energy. This administrative process in no way alters the legal effect of this document upon publication in the *Federal Register*.

Signed in Washington, DC, on August 25, 2021.

Treena V. Garrett,  
Federal Register Liaison Officer,  
U.S. Department of Energy.

**Rate Schedule PD-NTS4**  
**ATTACHMENT H to Tariff**  
**(Supersedes Rate Schedule PDP-NTS3 dated**  
**October 1, 2016, through September 30, 2021)**

**UNITED STATES DEPARTMENT OF ENERGY**  
**WESTERN AREA POWER ADMINISTRATION**

**DESERT SOUTHWEST REGION**  
**Parker-Davis Project**

**NETWORK INTEGRATION TRANSMISSION SERVICE**  
**(Approved Under Rate Order No. WAPA-175)**

**Effective**

The first day of the first full billing period beginning on or after October 1, 2016, and extending through September 30, 2021, or until superseded by another rate schedule, whichever occurs earlier. [Note: This rate schedule was extended by Rate Order No. WAPA-200 through September 30, 2026.]

**Applicable**

Transmission customers will compensate the Parker-Davis Project each month for Network Integration Transmission Service (Network) under the applicable Network Agreement and the formula rate described herein.

**Formula Rate**

$\text{Monthly Charge} = \frac{\text{Network Customer's Load-Ratio Share}}{\text{Annual Transmission Revenue Requirement}} \times \frac{\text{Annual Transmission Revenue Requirement}}{12}$
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Based on the formula rate, the Annual Transmission Revenue Requirement (ATRR) will be calculated for each fiscal year using updated financial data. The ATRR will be effective on October 1<sup>st</sup> of each year and posted on the Western Area Lower Colorado Balancing Authority website.

**Rate Schedule INT-NTS4**  
**ATTACHMENT H to Tariff**  
**(Supersedes Rate Schedule INT-NTS3 dated**  
**October 1, 2016, through September 30, 2021)**



**UNITED STATES DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION**

**DESERT SOUTHWEST REGION  
Pacific Northwest-Pacific Southwest Intertie Project**

**NETWORK INTEGRATION TRANSMISSION SERVICE  
(Approved Under Rate Order No. WAPA-175)**

**Effective**

The first day of the first full billing period beginning on or after October 1, 2016, and extending through September 30, 2021, or until superseded by another rate schedule, whichever occurs earlier. [Note: This rate schedule was extended by Rate Order No. WAPA-200 through September 30, 2026.]

**Applicable**

Transmission customers will compensate the Pacific Northwest-Pacific Southwest Intertie Project each month for Network Integration Transmission Service (Network) under the applicable Network Agreement and the formula rate described herein.

**Formula Rate**

$$\text{Monthly Charge} = \text{Network Customer's Load-Ratio Share} \times \frac{\text{Annual Transmission Revenue Requirement}}{12}$$

Based on the formula rate, the Annual Transmission Revenue Requirement (ATRR) will be calculated for each fiscal year using updated financial data. The ATRR will be effective on October 1<sup>st</sup> of each year and posted on the Western Area Lower Colorado Balancing Authority website.

**Rate Schedule DSW-SD4  
SCHEDULE 1 to OATT  
(Supersedes Rate Schedule DSW-SD3 dated  
October 1, 2016, through September 30, 2021)**

**UNITED STATES DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION**

**Desert Southwest Region and  
Western Area Lower Colorado Balancing Authority**

**SCHEDULING, SYSTEM CONTROL, AND DISPATCH SERVICE  
(Approved Under Rate Order No. WAPA-175)**

**Effective**

The first day of the first full billing period beginning on or after October 1, 2016, and extending through September 30, 2021, or until superseded by another rate schedule, whichever occurs earlier. [Note: This rate schedule was extended by Rate Order No. WAPA-200 through September 30, 2026.]

**Applicable**

Scheduling, System Control, and Dispatch Service is required to schedule the movement of power through, out of, within, or into the Balancing Authority Area (BA Area). This service can be provided only by the operator in which the transmission facilities used for transmission service are located. The Western Area Lower Colorado Balancing Authority (WALC) performs this service for all Transmission Service Providers (TSPs) within its BA Area. The transmission customer must purchase this service, unless other arrangements are made with WALC.

The charge will be applied to all schedules, except for schedules that return energy in kind to WALC. WALC will accept any number of scheduling changes during the day without additional charge. The charge will be allocated equally among all TSPs, both Federal and non-Federal, listed on schedules inside its BA Area. The Federal transmission segments of the schedule are exempt from invoicing since the costs for these segments are included in applicable transmission service rates.

### **Formula Rate**

$\text{Charge per Schedule} = \frac{\text{Annual Cost of Scheduling Personnel and Related Costs}}{\text{Number of Schedules per Year}}$
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The charge per schedule, per day, is calculated by dividing the annual costs associated with scheduling (numerator) by the number of schedules per year (denominator). The numerator is the annual cost of transmission scheduling personnel, facilities, equipment, software, and other related costs involved in providing the service. The denominator is the yearly total of daily tags which result in a schedule, excluding schedules that return energy in kind.

Based on the formula rate, the charge will be calculated each fiscal year using updated financial and schedule data. The charge will be effective on October 1<sup>st</sup> of each year and posted on WALC's website.

**Rate Schedule DSW-RS4  
SCHEDULE 2 to OATT  
(Supersedes Rate Schedule DSW-RS3 dated  
October 1, 2016, through September 30, 2021)**

**UNITED STATES DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION**

**Desert Southwest Region and  
Western Area Lower Colorado Balancing Authority**

**REACTIVE SUPPLY AND VOLTAGE CONTROL FROM  
GENERATION SOURCES OR OTHER SOURCES SERVICE  
(Approved Under Rate Order No. WAPA-175)**

**Effective**

The first day of the first full billing period beginning on or after October 1, 2016, and extending through September 30, 2021, or until superseded by another rate schedule, whichever occurs earlier. [Note: This rate schedule was extended by Rate Order No. WAPA-200 through September 30, 2026.]

**Applicable**

In order to maintain transmission voltages on the transmission facilities within acceptable limits, generation facilities and non-generation resources capable of providing Reactive Supply and Voltage Control (VAR Support Service) are operated to produce (or absorb) reactive power. This service must be provided for each transaction on the transmission facilities within the Balancing Authority (BA) by the Transmission Service Provider (TSP) or the BA who performs this function for the TSP.

VAR Support Service will be provided by the Western Area Lower Colorado Balancing Authority (WALC). Customers of a Federal TSP must purchase this service from WALC unless the transmission customer has generating resources capable of providing VAR Support Service directly to the Federal TSP and has executed a contract stipulating all the provisions of their self-supply. If WALC provides VAR Support Service on behalf of any non-Federal TSP, this service will be assessed on either the non-

Federal TSP's reserved capacity or the scheduled quantity of the non-Federal TSP's customers.

**Formula Rate**

$$\text{VAR Support Service Rate} = \frac{\text{Annual Revenue Requirement for VAR Support}}{\text{Transmission Transactions Requiring VAR}}$$

The numerator consists of the annual revenue requirement for generation multiplied by the percentage of resource capacity used for providing VAR Support Service. That percentage is based on the nameplate power factor (one minus the power factor) for the generating units supplying the service within WALC. The denominator consists of the transmission transactions within WALC that require this service.

Based on the formula rate, the charge will be calculated each fiscal year using updated financial and reservation data. The charge will be effective on October 1<sup>st</sup> of each year and will be posted on WALC's website.

**Rate Schedule DSW-FR4  
SCHEDULE 3 to OATT  
(Supersedes Rate Schedule DSW-FR3 dated  
October 1, 2016, through September 30, 2021)**

**UNITED STATES DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION**

**Desert Southwest Region and  
Western Area Lower Colorado Balancing Authority**

**REGULATION AND FREQUENCY RESPONSE SERVICE  
(Approved Under Rate Order No. WAPA-175)**

**Effective**

The first day of the first full billing period beginning on or after October 1, 2016, and extending through September 30, 2021, or until superseded by another rate schedule, whichever occurs earlier. [Note: This rate schedule was extended by Rate Order No. WAPA-200 through September 30, 2026.]

**Applicable**

Regulation and Frequency Response Service (Regulation Service) is necessary to provide for the continuous balancing of resources, generation and interchange, with load, and for maintaining scheduled interconnection frequency at sixty cycles per second (60 Hz). The obligation to maintain this balance between resources and load lies with the Transmission Service Provider (TSP) or the Balancing Authority (BA) who performs this function for the TSP. The Western Area Lower Colorado Balancing Authority (WALC) performs this function for the Federal TSPs and must offer this service when transmission is used to serve load within its Balancing Authority Area (BA Area). Non-Federal TSPs and customers of Federal TSPs must purchase Regulation Service from WALC or make alternative comparable arrangements to satisfy their regulation obligations.

## **Formula Rate**

$$\text{Regulation Service Rate} = \frac{\text{Annual Revenue Requirement for Regulation Service}}{\begin{aligned} &\text{Load within WALC Requiring Regulation} \\ &+ \\ &(\text{Installed Nameplate Capacity of Solar Generators} \\ &\text{Serving Load within WALC} \times \text{Solar Capacity Multiplier}) \\ &+ \\ &(\text{Installed Nameplate Capacity of Wind Generators} \\ &\text{Serving Load within WALC} \times \text{Wind Capacity Multiplier}) \end{aligned}}$$

The numerator includes the annual costs associated with plant-in-service, operation and maintenance, purchase of regulation products, purchases of power to support WALC's ability to regulate, and other related costs involved in providing the service. The denominator consists of the load within WALC that requires this service plus the product of the installed nameplate capacity of solar and wind generators serving load within WALC and the applicable capacity multipliers.

Based on the formula rate, the charge will be calculated each fiscal year using updated financial and load data. The charge will be effective on October 1<sup>st</sup> of each year and will be posted on the WALC website.

## **Types of Assessments**

There are two different applications of this formula rate:

- 1) A load-based assessment which is applicable to load within WALC (total metered load less Federal power allocation, including behind the meter generation rating, or if available, hourly data if generation is synchronized) and the installed nameplate capacity of all intermittent resources serving load within WALC.
- 2) A self-provision assessment which allows entities with Automatic Generation Control (AGC) to self-provide for all or a portion of their loads. Entities with AGC are known as Sub-Balancing Authorities (SBA) and must meet all of the following criteria: (a) have a well-defined boundary, with WALC-approved revenue-quality metering, accurate as defined by the North American Electric

Reliability Corporation (NERC), to include Megawatt (MW) flow data availability at 6-second or smaller intervals; (b) have AGC responsive unit(s); (c) demonstrate Regulation Service capability; and (d) execute a contract with WALC, provide all requested data, and meet the SBA error criteria below.

Self-provision is measured by use of the entity's 1-minute average Area Control Error (ACE) to determine the amount of self-provision. The ACE is used to calculate the Regulation Service charges every hour as follows:

- 1) If the entity's 1-minute average ACE for the hour is less than or equal to 0.5 percent of its hourly average load, no charge is assessed for that hour.
- 2) If the entity's 1-minute average ACE for the hour is greater than or equal to 1.5 percent of the entity's hourly average load, WALC assesses charges using the hourly load-based assessment applied to the entity's peak load for that month.
- 3) If the entity's 1-minute average ACE for the hour is greater than 0.5 percent but less than 1.5 percent of its hourly average load, WALC assesses charges based on linear interpolation of no charge and full charge, using the hourly load-based assessment applied to the entity's peak load for that month.

WALC monitors the entity's self-provision on a regular basis. If WALC determines that the entity has not been attempting to self-regulate, WALC will, upon notification, employ the load-based assessment methodology described above.



### **Alternative Arrangements**

Exporting Intermittent Resource Requirement: An entity that exports the output from an intermittent generator to another BA Area will be required to dynamically meter or dynamically schedule that resource out of WALC to another BA unless arrangements, satisfactory to WALC, are made for that entity to acquire this service from a third-party or self-supply (as outlined below). An intermittent generator is one whose output is volatile and variable due to factors beyond direct operational control and, therefore, is not dispatchable.

Self- or Third-party Supply: WALC may allow an entity to supply some or all of its required regulation, or contract with a third party. This entity must have revenue quality metering at every load and generation point, with accuracy as defined by NERC, to include MW flow data availability at 6-second (or smaller) intervals. WALC will evaluate the entity's metering, telecommunications and regulating resource, as well as the required level of regulation, to determine whether the entity qualifies to self-supply under this provision. If approved, the entity is required to enter into a separate agreement with WALC which will specify the terms of self-supply.

### **Customer Accommodation**

For entities unwilling to take Regulation Service, self-provide as described above, or obtain the service from a third party, WALC will assist the entity in dynamically metering its loads/resources to another BA. Until such time as meter configuration is accomplished, the entity will be responsible for charges assessed under this schedule.

**Rate Schedule DSW-EI4  
SCHEDULE 4 to OATT  
(Supersedes Rate Schedule DSW-EI3 dated  
October 1, 2016, through September 30, 2021)**

**UNITED STATES DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION**

**Desert Southwest Region and  
Western Area Lower Colorado Balancing Authority**

**ENERGY IMBALANCE SERVICE  
(Approved Under Rate Order No. WAPA-175)**

**Effective**

The first day of the first full billing period beginning on or after October 1, 2016, and extending through September 30, 2021, or until superseded by another rate schedule, whichever occurs earlier. [Note: This rate schedule was extended by Rate Order No. WAPA-200 through September 30, 2026.]

**Applicable**

Energy Imbalance Service is provided when there is a difference between the scheduled and actual delivery of energy to a load located within a Balancing Authority Area (BA Area) over a single hour. The Transmission Service Provider (TSP) or the Balancing Authority (BA) who performs this function for the TSP must offer this service when transmission is used to serve load within its BA Area.

The Western Area Lower Colorado Balancing Authority (WALC) performs this function for the Federal TSP. Customers of a Federal TSP must purchase this service from WALC or make alternative comparable arrangements to satisfy their Energy Imbalance obligations. Non-Federal TSPs must have separate agreements with WALC that specify the terms of Energy Imbalance Service. WALC may charge a transmission customer for either energy imbalances under this schedule or generator imbalances under Schedule 9 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

## **Formula Rate**

Charges for energy imbalances are based on the deviation bands as follows:

1. For deviations within  $\pm 1.5$  percent (with a minimum of 4 MW) of the metered load, the settlement for on-peak and off-peak hours is 100 percent.
2. For deviations greater than  $\pm 1.5$  up to 7.5 percent (or greater than 4 MW up to 10 MW) of the metered load, the settlement for on-peak hours is 110 percent for under-delivery and 90 percent for over-delivery, and the settlement for off-peak hours is 110 percent for under-delivery and 75 percent for over-delivery.
3. For deviations greater than  $\pm 7.5$  percent (or 10 MW) of the metered load, the settlement for on-peak hours is 125 percent for under-delivery and 75 percent for over-delivery, and the settlement for off-peak hours is 125 percent for under-delivery and 60 percent for over-delivery.

The deviation bands will be applied hourly and any energy imbalances that occur as a result of the transmission customer's scheduled transactions will be netted on a monthly basis and settled financially at the end of the month. For purposes of this schedule, the proxy prices used to determine financial settlement will be derived from the Palo Verde electricity price indexes, or similar alternative, for on-peak and off-peak. WALC may accept settlement in energy in lieu of financial settlement.

During periods of BA operating constraints, WALC reserves the right to eliminate credits for over-delivery. The cost to WALC of any penalty assessed by a regulatory authority due to a violation of operating standards resulting from under or over-delivery of energy may be passed through to customers.

**Rate Schedule DSW-SPR4  
SCHEDULE 5 to OATT  
(Supersedes Rate Schedule DSW-SPR3 dated  
October 1, 2016, through September 30, 2021)**

**UNITED STATES DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION**

**Desert Southwest Region and  
Western Area Lower Colorado Balancing Authority**

**OPERATING RESERVE - SPINNING RESERVE SERVICE  
(Approved Under Rate Order No. WAPA-175)**

**Effective**

The first day of the first full billing period beginning on or after October 1, 2016, and extending through September 30, 2021, or until superseded by another rate schedule, whichever occurs earlier. [Note: This rate schedule was extended by Rate Order No. WAPA-200 through September 30, 2026.]

**Applicable**

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency and may be provided by generating units that are on-line and loaded at less than maximum output. The Transmission Service Provider (TSP) or the Balancing Authority (BA) who performs this function for the TSP must offer this service when transmission is used to serve load within its BA Area.

The Western Area Lower Colorado Balancing Authority (WALC) performs this function for the Federal TSP. Customers of a Federal TSP must purchase this service from WALC or make alternative arrangements to satisfy their Spinning Reserve obligations.

**Formula Rate**

$\text{Cost of Service} = \text{Market Price} + \text{Administrative Fee}$
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WALC has no Spinning Reserves available for sale. Upon request, WALC will purchase at market price and pass-through the cost plus an administrative fee that covers the cost of procuring and supplying Spinning Reserves. The customer will be responsible for providing the transmission needed to deliver the Spinning Reserves purchased.

**Rate Schedule DSW-SUR4  
SCHEDULE 6 to OATT  
(Supersedes Rate Schedule DSW-SUR3 dated  
October 1, 2016, through September 30, 2021)**

**UNITED STATES DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION**

**Desert Southwest Region and  
Western Area Lower Colorado Balancing Authority**

**OPERATING RESERVE - SUPPLEMENTAL RESERVE SERVICE  
(Approved Under Rate Order No. WAPA-175)**

**Effective**

The first day of the first full billing period beginning on or after October 1, 2016, and extending through September 30, 2021, or until superseded by another rate schedule, whichever occurs earlier. [Note: This rate schedule was extended by Rate Order No. WAPA-200 through September 30, 2026.]

**Applicable**

Supplemental Reserve Service is needed to serve load in the event of a system contingency. It is not available immediately to serve load but is generally available within a short period of time after a system contingency event. This service may be provided by generating units that are on-line but unloaded, by quick-start generation, or by interruptible load. The Transmission Service Provider (TSP) or the Balancing Authority (BA) who performs this function for the TSP must offer this service when transmission is used to serve load within its BA Area.

The Western Area Lower Colorado Balancing Authority (WALC) performs this function for the Federal TSP. Customers of a Federal TSP must purchase this service from WALC or make alternative arrangements to satisfy their Supplemental Reserve obligations.

**Formula Rate**

$\text{Cost of Service} = \text{Market Price} + \text{Administrative Fee}$
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WALC has no Supplemental Reserves for sale. Upon request, WALC will purchase at market price and pass-through the cost plus an administrative fee that covers the cost of procuring and supplying Supplemental Reserves. The customer will be responsible for providing the transmission needed to deliver.

**Rate Schedule DSW-GI2  
SCHEDULE 9 to OATT  
(Supersedes Rate Schedule DSW-GI1 dated  
October 1, 2016, through September 30, 2021)**

**UNITED STATES DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION**

**Desert Southwest Region and  
Western Area Lower Colorado Balancing Authority**

**GENERATOR IMBALANCE SERVICE  
(Approved Under Rate Order No. WAPA-175)**

**Effective**

The first day of the first full billing period beginning on or after October 1, 2016, and extending through September 30, 2021, or until superseded by another rate schedule, whichever occurs earlier. [Note: This rate schedule was extended by Rate Order No. WAPA-200 through September 30, 2026.]

**Applicable**

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Balancing Authority Area (BA Area) and the delivery schedule from that generator to another BA Area or a load within the Transmission Service Provider's (TSP) BA Area over a single hour. The TSP or the Balancing Authority (BA) who performs this function for the TSP must offer this service, to the extent it is physically feasible to do so from its resources or from resources available to it, when transmission is used to deliver energy from a generator located within its BA Area.

The Western Area Lower Colorado Balancing Authority (WALC) performs this function for the Federal TSP. Customers of a Federal TSP must purchase this service from WALC or make alternative comparable arrangements to satisfy their generator imbalance obligations. Non-Federal TSPs must have separate agreements with WALC that specify the terms of Generator Imbalance Service. An intermittent resource serving load outside WALC will be required to dynamically schedule or dynamically meter their



generation to another BA Area unless arrangements, satisfactory to WALC, are made to acquire this service from a third-party. An intermittent resource, for the limited purpose of this schedule, is an electric generator that is not dispatchable and cannot store its fuel source, and therefore cannot respond to changes in demand or respond to transmission security constraints.

WALC may charge a transmission customer for either generator imbalances under this schedule or energy imbalances under Schedule 4 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

### **Formula Rate**

Charges for generator imbalances are based on the deviation bands as follows:

1. For deviations within  $\pm 1.5$  percent (with a minimum of 4 MW) of the metered generation, the settlement for on-peak and off-peak hours is 100 percent.
2. For deviations greater than  $\pm 1.5$  up to 7.5 percent (or greater than 4 MW up to 10 MW) of the metered generation, the settlement for on-peak hours is 110 percent for under-delivery and 90 percent for over-delivery, and the settlement for off-peak hours is 110 percent for under-delivery and 75 percent for over-delivery.
3. For deviations greater than  $\pm 7.5$  percent (or 10 MW) of the metered generation, the settlement for on-peak hours is 125 percent for under-delivery and 75 percent for over-delivery, and the settlement for off-peak hours is 125 percent for under-delivery and 60 percent for over-delivery. An intermittent resource will be exempt from this deviation band but will be subject to the settlement provisions in the second deviation band for all deviations greater than  $\pm 7.5$  percent (or 10 MW).

The deviation bands will be applied hourly and any generator imbalances that occur as a result of the transmission customer's scheduled transactions will be netted on a monthly basis and settled financially at the end of the month. For purposes of this schedule, the proxy prices used to determine financial settlement will be derived from the Palo Verde

electricity price indexes, or similar alternative, for on-peak and off-peak. WALC may accept settlement in energy in lieu of financial settlement.

During periods of BA operating constraints, WALC reserves the right to eliminate credits for over-delivery. The cost to WALC of any penalty assessed by a regulatory authority due to a violation of operating standards resulting from under or over-delivery of energy may be passed through to customers.

**Rate Schedule DSW-TL1**  
**(Supersedes Rate Schedule DSW-TL1 dated**  
**October 1, 2016, through September 30, 2021)**

**UNITED STATES DEPARTMENT OF ENERGY**  
**WESTERN AREA POWER ADMINISTRATION**

**DESERT SOUTHWEST REGION**  
**Western Area Lower Colorado Balancing Authority**

**TRANSMISSION LOSSES SERVICE**  
**(Approved Under Rate Order No. WAPA-175)**

**Effective**

The first day of the first full billing period beginning on or after October 1, 2016, and extending through September 30, 2021, or until superseded by another rate schedule, whichever occurs earlier. [Note: This rate schedule was extended by Rate Order No. WAPA-200 through September 30, 2026.]

**Applicable**

Capacity and energy losses occur when a Transmission Service Provider (TSP) delivers electricity over its transmission facilities for a transmission customer. The Western Area Lower Colorado Balancing Authority (WALC) provides this service to TSPs within its Balancing Authority Area (BA Area). Transmission losses (losses) are assessed for transactions on transmission facilities within WALC, unless separate agreements specify the terms for losses. The losses applicable to Federal TSPs will be passed directly to transmission customers. The transmission customer must either purchase this service from WALC or make alternative comparable arrangements to satisfy their obligations for losses.

**Formula Rate**

The loss percentage currently in effect is posted on WALC's website and may be changed from time to time. Financial settlement for losses will occur on a monthly basis, unless determined by WALC. Proxy prices used to determine financial settlement will be

derived from the Palo Verde electricity price indexes, or similar alternative, for on-peak and off-peak. This pricing information is posted on WALC's website.

**Rate Schedule DSW-UU1  
SCHEDULE 10 to OATT  
(Supersedes Rate Schedule DSW-UU1 dated  
October 1, 2016, through September 30, 2021)**

**UNITED STATES DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION**

**DESERT SOUTHWEST REGION  
Central Arizona Project  
Pacific Northwest-Pacific Southwest Intertie Project  
Parker-Davis Project**

**UNRESERVED USE PENALTIES  
(Approved Under Rate Order No. WAPA-175)**

**Effective**

The first day of the first full billing period beginning on or after October 1, 2016, and extending through September 30, 2021, or until superseded by another rate schedule, whichever occurs earlier. [Note: This rate schedule was extended by Rate Order No. WAPA-200 through September 30, 2026.]

**Applicable**

Unreserved use occurs when a customer uses transmission service it has not reserved or uses transmission service in excess of its reserved capacity. Unreserved use may also include a transmission customer's failure to curtail transmission when requested. The transmission customer shall compensate the Federal Transmission Service Provider (TSP) each month for any unreserved use of the transmission system.

**Penalty Rate**

The charge for a transmission customer that engages in unreserved use is two times the maximum allowable firm point-to-point transmission rate for the service at issue, assessed as follows:

- (1) The penalty for one instance, in a single hour, is based on the daily rate;
- (2) The penalty for more than one instance, for any given duration (e.g., daily) increases to the next longest duration (e.g., weekly).

A transmission customer that exceeds its reserved capacity at any point of receipt or point of delivery, or a customer that uses transmission service at a point of receipt or point of delivery that it has not reserved, is required to pay for all ancillary services provided by the Federal TSP and associated with the unreserved use. The customer will pay for ancillary services based on the amount of transmission service it used and did not reserve.

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